United States
Department of Agriculture
Foreign Agricultural Service
December 1985

Foreign Agriculture

State Departments of Agriculture—Export Assistance in Your Own Backyard

Marketing News

Indian Wheat Market Continues To Hold Promise

U.S. Wheat Associates (USW) recently sponsored 14 flour millers from India at a special class in flour mill management and quality control at Kansas State University at Manhattan. Indian millers have acquired authority to purchase wheat directly from exporters as a result of recently relaxed government restrictions. Previously, the millers purchased wheat from the Indian Government. Now, they are reacting to the possibility of increased profit margins by seeking higher quality wheat. USW hopes to increase the demand for U.S. wheat through this training at Kansas State University.

U.S. Wheat Sponsors Food Training Seminar

More than 250 Philippine food industry representatives met recently at a three-day seminar in Manila to receive technical training. The seminar featured baking, cereal chemistry and flour milling technology, and was sponsored by the **National Food Authority of the Philippines** and by **U.S. Wheat Associates (USW).**

According to USW Vice President Ron Mass, the training session was the first in the Philippines to provide a broad view of wheat flour use and production. The interest shown in this seminar, he said, indicates the Philippines is seeking increased flexibility to shift from one cereal to another in order to meet market and production realities.

Malt Barley Team Hosts Seminars in West Africa

A malt barley team sponsored by the **U.S. Feed Grains Council (USFGC)** held seminars in Abidjan, Ivory Coast; Douala, Cameroon; and Lagos, Nigeria, to demonstrate to brewers that U.S. six-row barley can be used advantageously over traditional two-row varieties, historically purchased from European suppliers.

The annual value of the current Nigerian market for barley malt is about $120 million, of which the United States has had virtually no share. The seminar in Lagos has generated a great deal of interest in U.S. barley malt, which could lead to the development of a new market, particularly if some form of credit is extended by the suppliers.

Japanese Trade Teams Visit U.S. Meat Plants

A trade team of meat department managers of major Japanese supermarkets visited several meat packing plants in the United States. The visit was co-sponsored by the **U.S. Meat Export Federation (MEF)** and the **Japan Chain Stores Association (JCSA).** The six-member team included Association Director Y. Hironaka and Susuma Harada, MEF/Tokyo's marketing specialist.

Japanese supermarket chains are increasingly purchasing products directly from U.S. suppliers rather than through trading companies. This tour allowed these supermarket representatives to meet directly with U.S. exporters and to see the types of products available. The team also observed how the United States merchandises meat products in supermarkets.

U.S. Ribeye Featured At West German Food Promotion

U.S. meats, courtesy of **U.S. Meat Export Federation (MEF),** were among the many delicacies at an international gourmet evening sponsored by the Alsterhaus department store in Hamburg, West Germany. MEF/Hamburg provided guests with samples of U.S. ribeye roast, product information brochures and a look at an MEF slide show on the U.S. meat industry.

MEF/Hamburg Director Willem Zerk said the promotion reminded consumers about the availability of U.S. meats. "It was amazing to find out how many people had heard about U.S. beef—or had even eaten it before," Zerk said, "but did not realize that it was available at department stores like the Alsterhaus."

The Magazine for Business Firms Selling U.S. Farm Products Overseas

Published by
U.S. Department of Agriculture
Foreign Agricultural Service

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Export Assistance In Your Own Backyard

By Charles Larson

Exporting agricultural commodities may seem to be a complicated and expensive undertaking for a small business, particularly one just getting started. But most of the more than 10,000 enterprises in this country that are engaged in the export of agricultural products are relatively small, too small to maintain their own export divisions or overseas sales offices.

For such firms, state departments of agriculture can be an important source of export information, assistance in locating foreign buyers, advice on marketing techniques, coordination of overseas shipments and a variety of services to smooth the export operation.

Most state departments of agriculture staff their offices with a trained international trade specialist. Some have several. There are around 150 state level personnel now involved in international trade.

Believing that one of the best ways to service the export market is from a foreign vantage point, several state departments of agriculture have offices in important overseas markets. In some instances these offices handle both agricultural and commercial matters.

How State-Level Experts Can Help

A key function of state export staffs is to provide exporters with the latest information on market opportunities, and to conduct seminars and workshops for existing and prospective exporters on producing for the foreign market, marketing overseas, finance, shipment modes and export trends.

State personnel also manage regional Foreign Agricultural Service (FAS) cooperator projects, such as sales teams and trade show participation.

But if it is the states that have the grass roots contacts with U.S. exporters, it is FAS that has the

necessary contacts with overseas buyers. To win a larger share of the world's high-value and value-added trade, the states and FAS work together closely to expedite the flow of market information.

To do this, agricultural trade officers and counselors overseas serve as key intermediaries to bring buyer and seller together. They also coordinate FAS participation in activities, such as large foreign trade shows, point-of-sale and menu promotions, etc.

FAS also operates the Agricultural Information and Marketing Services (AIMS) to improve the outreach and effectiveness of its marketing programs to exporters and state export personnel.

During 1984, the AIMS program expanded the number of trade leads generated by FAS overseas personnel by 35 percent while the number of U.S. firms receiving trade leads quadrupled.

In 1985, AIMS also speeded up delivery of trade lead information to exporters by accelerating transmission and handling by 50 percent, cutting turnaround time from 36 to 25 hours. State marketing officials are being relied on heavily to help achieve these objectives.

Four Regional Associations Focus on Marketing

Four regional trade groups are helping to speed the collection and transfer of marketing information. They are closely involved with researching markets and assisting states with their individual efforts.

Forty-nine states, Samoa and Puerto Rico now belong to these regional groups. These organizations are a way in which states with similar crops, and similar problems and opportunities in the export market, can pool their resources to do a more effective job of selling overseas.

The four regional groups are:

Eastern United States Agricultural and Food Export Council, Inc. (EUSAFEC), 2 World Trade Center, Suite 5082, New York, NY 10047. Tel: (212) 432-0020.

Mid-America International Agri-Trade Council (MIATCO), 828 Davis Street, Suite 301A, Evanston, IL 60201. Tel: (312) 866-7300.

Southern United States Trade Association (SUSTA), International Trade Mart, Suite 338, 2 Canal Street, New Orleans, LA 70130. Tel: (504) 568-5986/7/8.

Western United States Agricultural Trade Association (WUSATA), 1301 N.E. Highway 99, Suite 200, Vancouver, WA 98665. Tel: (206) 574-2627.

EUSAFEC consists of the departments of agriculture of 10 northeastern states; MIATCO of 12 midwestern states; SUSTA of 15 southern departments of agriculture plus Puerto Rico; and WUSATA of 10 western states, plus Alaska, Hawaii, American Samoa and Guam.

NASDA Co-Sponsors National Food Show

The National Association of State Departments of Agriculture (NASDA) is another organization through which the state departments of agriculture participate in the export process. Every two years, for example, FAS and NASDA co-sponsor a huge food exposition in the United States for foreign buyers.

This show, the National Food and Agriculture Exposition, presents a real sales opportunity for U.S. food firms by saving them the time and expense of foreign travel. The emphasis of the exhibition typically is on fresh and processed foods and ingredients for the foreign wholesale, retail and institutional trade.

However, U.S. firms marketing other agricultural products like forest products and nursery stock can also take part.

The next National Food and Agriculture Exposition will be held April 30-May 1, 1987, in Seattle, Wash.

NASDA is headquartered at 1616 H Street N.W., Washington, DC 20006. Tel: (202) 628-1566. ■

The author is with the Export Programs Division, FAS. Tel. (202) 475-3417.

Oregon Spotlights State Products Overseas

Oregon's Agricultural Development and Marketing Division is one of many state organizations which concentrate on a strong export assistance program.

In Oregon, a team of five export specialists, headed by Ken Meier, assistant director of the Department of Agriculture, works with state companies to help them get a firm foothold in foreign markets, and then to develop those markets for long-range success.

Last year, Oregon shipped over $351 million worth of agricultural products abroad. Some of the top sellers were wheat, processed potatoes, fresh onions and other processed vegetables and fruits.

Oregon's biggest market by a large margin is Japan. Other important markets are Korea and Taiwan, with Oregon food and agricultural products also moving to the Middle East, Europe, South America, Australia and Canada.

Meier's export staff spends about one-third of each year out of the country promoting Oregon products.

Staffers work with about 100 companies—primarily producers of processed fruits and vegetables, grass and field seed, livestock and nursery products—and also with 26 state commodity commissions charged with agricultural research, promotion and education.

Focus on the Basics

"When working with companies new to exporting, we stress that three basic elements are essential to make it in the export market," Meier says.

"First, you need to do your market homework; then you must make a serious long-term commitment to servicing the market; and third, you need to back that up with an adequate financial commitment," he explains.

All three of these steps are essential to establish, and then broaden, a company's marketing base.

Trade Shows Essential In Promotion Effort

Trade shows are a key part of Oregon's export effort. International trade shows provide a chance for U.S. sellers to build the kind of contacts that are so important in exporting. Meier estimates that it takes three to five years to develop long-term, solid business relationships with overseas buyers, especially in Oriental countries.

"Each year, we participate in five or six major trade shows, such as FOODEX in Tokyo, and we also set up special 'Oregon Only' shows, such as one in Korea early this year," Meier says.

"We've developed a system for participation and representation that has worked extremely well for us. We start off by literally selling a company's products for them. We organize the Oregon exhibit and staff it, but the companies we represent pay the entire cost of participation. This year, for example, we charged 14 companies $1,000 each plus shipping to go to the FOODEX show," Meier says.

"The first year that a company participates in a show, we represent their products; the second year, company representatives come along and work the show with us; and by the third year, if we've all done our jobs and our homework well, they should be going to the trade shows on their own," Meier explains.

Preparation Pays Off

Meier and his staff spent two days in Tokyo last spring compiling lists to invite 250 potential Japanese buyers to visit the Oregon booth at the FOODEX show. The effort paid off. One Japanese company is now purchasing over $700,000 worth of Oregon products a year as a result of an introduction at the show.

"I tell every company that to get products accepted, you need to know your product from the soil to the consumer's mouth. You need to know where the prospects are and to know the strengths and weaknesses of the competition," Meier says.

"Basically, you need to know all the answers as to why a customer should buy your products instead of those of other sellers." ■

Massachusetts Broadens Dimension Of Its Agricultural Exports

An interview with August Schumacher, Jr.

M.I.T., Harvard. These names mean the latest in the world of biotechnology and the realm of ideas where the future is now.

It's relatively easy to put a price on a product, but what's the price tag for an intangible like an idea or a high-tech skill? Knowledge is certainly an invaluable resource and the State of Massachusetts is adding this new dimension to agricultural exporting.

In the following interview, August Schumacher, Massachusetts' Commissioner of Food and Agriculture, tells how the "skills for sale" approach is working out.

"Massachusetts is not normally considered a powerhouse in terms of agricultural exporting. We export some cranberries, some apples, a little maple syrup, some dairy heifers, seafood and value-added products. All in all, our commodity exports added up to about $25 million last year.

"However, Massachusetts is a knowledge-based economy—and we are broadening our export development programs in order to take advantage of this very important resource.

"We have 275,000 college students in the State, and a very large pool of workers with advanced degrees. We have become a magnet for people doing advanced research in biochemistry, plant pathology, botany and similar fields.

"If we can sell this brainpower overseas, we believe we can make a much more sizable contribution to the nation's agricultural export total. After all, a dollar sale of agricultural brainpower is worth just as much as a dollar sale of soybeans—or wheat or corn.

"In total, we think our agricultural export potential, including the sale of consulting services and new biotechnologies overseas, could easily hit $100 million by 1990 with some aggressive promotion on our part.

"If we can sell this brainpower overseas, we believe we can make a much more sizable contribution to the nation's agricultural export total."

"Massachusetts has the second largest bio-technology program in the United States. We have $500 million invested in bio-technology at this stage and there are 24 firms in this business sector.

"The private sector in Massachusetts is already doing $35 million worth of research a year on commercial applications of agricultural bio-technology, and we are convinced that we can develop a really good market for this type of activity. One way we plan to accomplish this is by adding a staff person with the necessary technical background who will actively promote the use of our bio-technological expertise overseas.

"The bio-pesticides coming out of our bio-technology industry appear to be especially salable. Many countries are trying to find some way to reduce the impact on the environment from toxic chemicals.

"We also have a tissue culture program in place for raspberries, strawberries and asparagus. Twenty-two countries already are receiving this material on a limited basis. Our nurserymen have been especially active in this area.

"We've already done some scouting out of the potential markets for our State's biotech products and have detected interest on the part of the Netherlands, Mexico, Israel, France, the Caribbean and China.

"The State of Massachusetts has a special relationship with the province of Guangdong, China, which gives us a strong advantage in developing linkages in agriculture. Agriculture represents 80 percent of the Chinese economy, so clearly they are very interested in our agricultural brainpower.

"Massachusetts also has a vibrant agri-consulting business which we believe has excellent export potential. At the moment, we have about 18 agricultural consulting companies doing about $15 million worth of business overseas. With promotion, we believe we can raise this figure to $35 million by 1990.

"One way we plan to boost sales of consulting services is through a monthly newsletter listing agricultural consulting contracts that are coming up for bid.

"This newsletter will be proprietary to our State firms so that they can get a head start on submitting bids for consulting contracts overseas or through such organizations as the World Bank and the Agency for International Development.

"In fact, we have already had some very encouraging contacts with the French, who are interested in the possibility of co-ventures in agricultural consulting in West Africa, an area where France has long had a significant economic presence. We see good possibilities for projects in such countries as Mali, the Ivory Coast and Senegal.

Classic Bay State Food Exports Won't Be Neglected

"However, we have no intention of relaxing our promotional efforts for our classic food export items. Indeed, we are going to make a serious push to increase our sales of agricultural commodities to $35 million by 1990.

"We will be concentrating our promotional activities for these products on the Netherlands, China, Mexico, the Caribbean, France, Israel and such Pacific Rim countries as Taiwan, Hong Kong, Korea, Singapore, Indonesia and Malaysia." ■

The interviewee is Commissioner of Food and Agriculture, Massachusetts Department of Food and Agriculture, 100 Cambridge Street, Boston, MA 02202. Tel. (617) 727-3002.

Fact File:

Addresses and Contacts for State Departments of Agriculture

The following is a list of state departments of agriculture and the primary contacts for export information and assistance. In some cases other agencies are listed because they have the primary responsibility for export development.

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Alaska Department of Natural Resources, Division of Agriculture

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Palmer, AK 99645-0949
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American Samoa Government Department Of Agriculture

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Pago Pago, American
Samoa 96799
Mataalii Tofu Tia, Director
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Arizona Department of Commerce

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Executive Tower
Phoenix, AZ 85007
Doug Upshur
International Trade
Specialist
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Arkansas State Plant Board

No. 1 Natural Resources
Drive
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Little Rock, AR 72203
Melvin C. Tucker, Director
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Arkansas Industrial Development Commission

One Capitol Mall
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Marketing Manager
Agricultural Products
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Marketing Manager
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Idaho Department of Agriculture

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Indiana State Department Of Commerce, Indiana Division of Agriculture

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Iowa Department of Agriculture

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International Trade Shows Open Doors to Foreign Markets

By Philip A. Letarte

If you are interested in getting involved in overseas market development, one option you should consider is an international exhibit.

Trade exhibits are an effective means of introducing and promoting agricultural products overseas. Through personal contact with foreign buyers, you have the opportunity to demonstrate your products, create interest in them and generate trade leads—which translates into more sales.

Next year, USDA's Foreign Agricultural Service (FAS) will sponsor U.S. exhibits at nine trade shows around the world. These shows will offer hundreds of new-to-market and established firms the opportunity to explore foreign markets and to meet with thousands of buyers.

The countries and trade shows chosen each year for FAS participation are carefully selected to assure that U.S. food products obtain maximum exposure in as many major markets as possible.

Depending on the size of the U.S. exhibit and the nature of the exposition, FAS typically offers assistance in the following areas: product shipment from the United States and customs clearance in foreign countries; label clearance to determine if products conform to local standards; briefing materials on the markets covered by the show; and advance publicity to assure a large turnout of prospective buyers.

A fee is charged to companies wishing to participate in an FAS exhibit. The fee covers a portion of the costs for exhibit space, facilities, promotions, management and other services. The exhibitor is expected to provide the product and full-time representation.

Here is a brief rundown on shows scheduled for 1986. Refer to the easy-to-clip calendar of events on page 14 for exact dates.

HORECAVA—Netherlands. This large hotel and restaurant food show will be held in Amsterdam in January. The Office of the Agricultural Counselor will sponsor a booth at this event, promoting an "American Menu."

ISM—West Germany. This is an annual trade-only fair which takes place in Cologne in January. The show features sweets and biscuit products. Attendance in 1985 was more than 11,000, with German and foreign visitors about evenly divided.

MEFEX—Bahrain. This is the fourth biennial Middle East food equipment exhibition, taking place in late February in Manama. It is the leading show of its kind in this region, opening a gateway to imports of nearly $42 billion yearly. A U.S. National Pavilion, consisting of about 20 booths, is being organized by the Agricultural Trade Office in Manama.

ROKA—Netherlands. This international exposition, taking place in Utrecht in February, features all types of foods. The Netherlands is the largest food transshipment point in the world, and its famous Port of Rotterdam is the gateway to Europe.

ALIMENTARIA—Spain. This is the sixth year of operation for this fair, which will be held in Barcelona in March. The show combines food and nonfood household products. Over 200,000 visitors attended Alimentaria in 1984. Of the 1,700 exhibitors at the fair, 400 were from foreign countries.

FOODEX—Japan. This show, held in Tokyo, is the most important annual food and beverage exhibition in Asia. It takes place in March. About 800 firms from 21 countries participated in the 1984 show, and almost 120,000 visitors attended. The number of foreign visitors totaled approximately 1,700, coming from over 30 countries. The U.S. National Pavillion will be organized by the Office of the Agricultural Counselor in Tokyo and will consist of over 50 booths.

INTERNORGA—West Germany. This exposition, scheduled for March in Hamburg, focuses on foods for hotel, catering, baking and confectionery firms. These segments are always searching for new, high-quality products to add to their continuously changing menus.

1986 Calendar of International Trade Shows

Date	Location	Show	Activity
January 6-9	Amsterdam	HORECAVA[1]	Food/Hotel/Catering[2]
January 26-30	Cologne	ISM	Sweets/Biscuits
February 22-26	Bahrain	MEFEX[1]	Food/Equipment
February 23-27	Utrecht, Netherlands	ROKA	Food
March 8-13	Barcelona	ALIMENTARIA	Food
March 10-14	Tokyo	FOODEX[1]	Food
March 14-19	Hamburg	INTERNORGA	Hotels/Caterers/Bakers
April 20-22	Brighton, England	HELFEX[1]	Health Foods
May 6-7	Hong Kong	U.S. FOOD EXPO[1]	Food
May 13-16	Singapore	FOOD ASIA[1]	Food
May 19-24	Taipei	U.S. FOOD & EQUIP[1]	Food/Equipment
June 12-17	Seoul	KORFOOD[1]	Food
September 19-24	Munich	IKOFA	Food
October 20-24	Paris	SIAL[1]	Food

[1]FAS participation anticipated. [2]Dutch agents only.

HELFEX—United Kingdom. Held in Brighton in April, this show is one of the few in the world devoted strictly to health foods. This exhibition gives U.S. firms the opportunity to introduce all-natural health food products to an enthusiastic market. The Agricultural Trade Office in London sponsors a U.S. stand in this show, consisting of 10 booths.

U.S. FOOD EXPOSITION—Hong Kong. Organized in conjunction with FOOD ASIA in Singapore, this biennial trade-only event is designed to maximize sales possibilities for firms already participating in FOOD ASIA. The Agricultural Officer in Hong Kong has reserved 100 booths in a local trade center for this two-day exposition, which takes place in May.

FOOD ASIA—Singapore. This biennial food and equipment expo, which takes place in May, accommodated almost 1,000 exhibitors in 1984. Twenty-eight countries were represented at this show, 13 of which sponsored national pavilions. Over 20,000 visitors attended this trade-only show. Foreigners accounted for about one-quarter of the total. This year, the U.S. National Pavilion again will be organized by the Agricultural Trade Office in Singapore, and will consist of 50 booths.

FOOD AND EQUIPMENT SHOW—Taiwan. This U.S. exposition will be held in Taipei in May. Approximately 20 booths are organized by FAS to promote U.S. products in this dynamic, expanding economy. Last year, more than 3,000 people attended this show, generating almost 1,600 trade leads.

KORFOOD—Korea. This annual food show will be held in Seoul in early June. Aiming at an increasingly affluent market that is eager to try U.S. food products, this show features foods, beverages and food equipment. U.S. participation in this exposition is being managed by the Agricultural Trade Office in Seoul.

IKOFA—West Germany. This biennial fair, taking place in Munich in September, features foods from 48 countries. Twenty-eight countries organized national pavilions for IKOFA, which attracted over 51,000 visitors in 1984. Almost 1,500 exhibitors attended this fair.

SIAL—France. This trade-only biennial food exposition takes place in October in Paris. The U.S. National Pavilion, consisting of 50 booths, will be organized by the Office of the Agricultural Counselor in Paris. More than 100 U.S. firms were represented at SIAL '84. The show attracted buyers from about 130 countries, representing over 40 percent of the visitors. About 110,000 trade and professional visitors attended.

For additional information on international food shows, contact the following FAS office:

United States Department of Agriculture
Export Programs Division
Program Operations Branch
14th and Independence Ave., S.W.
Room 4944-S
Washington, D.C. 20250
Telephone: (202) 447-3031
Telex: 89491 ■

The author is with the Export Programs Division, FAS. Tel. (202) 447-3031.

The U.K. Grocery Market: A Challenge Worth Taking

By W. Lynn Abbott

The most striking characteristic of the British grocery market for U.S. exporters is the tremendous concentration of buying power in the United Kingdom.

Since Britain has imported a major share of its food for centuries, its consumers are accustomed to buying foreign products.

However, the United Kingdom has a highly advanced food processing industry. Today, products from other members of the European Community (EC) enter tax free, while U.S. products are subject to EC tariffs. These factors add up to an extremely competitive marketplace.

There are nearly 250,000 grocery outlets in the United Kingdom—nearly 50 percent more food stores per capita than in the United States. And larger food stores in Britain account for a bigger share of business than their counterparts in the United States.

Chains—known in Great Britain as "multiples"—have been increasing their dominance in retailing at the expense of virtually all other retail groups.

The most common means of communication in the United Kingdom is the telex, not the telephone. British importers grow impatient with U.S. exporters who do not have a telex facility. The combination of time zone differences and language nuance, on top of the difficulties of communication, make the telephone unsatisfactory. The mails are slow and unreliable.

Exporter Must Decide Basic Approach

The U.S. exporter must decide very early to either achieve a permanent branded presence on the retail market or simply seize markets of opportunity on a price basis. U.K. importers expect that any branded product will be supported by some promotional funds.

If the exporter decides on competing in the market on a commodity basis rather than with branded items, price becomes the major factor. Either way, the U.S. exporter must clearly identify the unique advantages of the product to British consumers.

Credit terms are required. Cash against documents is possible, but credit periods of 30, 60, 75, or 90 days are more acceptable. The exporter should be ready to produce a quote, in CIF terms, in foreign currency that will last for three or preferably for six months. Failure to fix a foreign currency price for a long period of time throws all the foreign exchange risk on the importer. This is not viewed favorably by the U.K. importer, thus hurting chances of sales success.

Given a continued strong dollar, most imports of U.S. grocery items are likely to be relegated to the category of specialty products. They will be handled by outlets that cater to the specialty trade. These include Harrods, the food halls of department stores, such as Selfridges, and selected specialty outlets. Together, these outlets handle no more than 5 percent of the retial food sales in the United Kingdom.

The companies that import for this small market are highly specialized and completely different from the companies that import for the major retail chains.

Labeling/Ingredient Regulations

Store-label products have become increasingly dominant for standard items. Many new products also will have to be introduced in both branded and own label packages to achieve high volume. Store-label products are subject to the same price pressures as commodity products.

The labeling and ingredient regulations are substantially determined by EC requirements. The most outstanding peculiarity of the British system is that the government does not approve a label—the enforcement agency is the local health authority. It is up to the vendor to review the appropriate legislation and bring the label into conformity. Therefore, the label is always open to change.

The U.K. grocery market today is very 'arge and challenging to U.S. food exporters. Understanding this market would facilitate better business and bigger export sales. ■

The author is the agricultural trade officer, London.

China's Growing Market For Breeding Cattle, Swine and Poultry

By Marlene Stinson

Revisions made last year in China's health requirements for U.S. livestock and poultry exports have opened a new market for high-quality U.S. breeding cattle, swine and poultry.

The agreement somewhat relaxed overly strict health requirements in the Sino-American import-export agreement of a year earlier and led to the historic shipment of 1,197 head of U.S. breeding cattle, mostly Holstein heifers, to China. The value of these cattle was around $3.4 million.

Most of the cattle were destined for commercial dairy herds to supply fresh milk and dairy products and serve as a genetic base for future dairy replacements.

Comparable shipments of swine and poultry, made possible by the agreement, were also relatively small. However, trade of any size is auspicious considering the potential demand for dairy products which could be generated by 1.2 billion Chinese consumers.

Bert Hawkins, Administrator of USDA's Animal and Plant Health Inspection Service, said the Chinese want to import U.S. livestock because they are interested in upgrading their national herd, and they know that animals from the United States are among the best in the world.

Other countries competing for China's export market include Canada, the Netherlands, New Zealand, Australia and Germany.

Health Requirements Remain Tough

Even though revisions to the original agreement were made, the restrictions are still strict—especially in the area of testing procedures.

Speaking of the initial shipment of breeding cattle, Dr. John K. Atwell, Deputy Administrator for Veterinary Services at APHIS, said: "The Chinese have not had experience in importing cattle from the United States, and they were concerned about the isolation of animals, along with the testing and shipping procedures. As a result, all of the cattle were carefully screened."

Before the cattle left the country, several teams from China, including veterinarians, came to the United States to look over the animals before they were tested.

The Chinese require that every animal and every farm where the animals originate must be approved by a Chinese veterinarian. Atwell points out that if the Chinese veterinarian feels a farm is unsatisfactory, he can reject the supplier.

The current agreement says that cattle exported to China must originate from 18 states—mostly in the north central and northeastern parts of the country—where serologic evidence of bluetongue rarely is found.

The concern with bluetongue was eased when the United States agreed to certify that animals shipped to China were from the northeastern states, had lived in those states for at least 12 months prior to export and were tested between November 1 and April 15 when the disease-carrying gnat is not active.

Atwell said that cattle are isolated for at least 30 days in the United States and are tested twice before they are shipped. After their arrival in China, they are placed in quarantine for 45 days and retested for several diseases including brucellosis, tuberculosis, bovine virus diarrhea and infectious bovine rhinotracheitis.

APHIS Offers Support to Exporters

According to Atwell, APHIS helps give advice to exporters on how they can meet the stringent export and testing requirements.

For example, APHIS veterinarians conduct a test for Johne's disease before the cattle are shipped. They also arrange for the required tests to be sent to the APHIS lab in Ames, Iowa; conduct inspections prior to embarkation; and review and endorse the health certificates of the animals.

Cost of the required tests for cattle range from $80 to $140 per animal. The exporters pay the bills for the testing, which their accredited veterinarians conduct.

Swine Shipment Is Another Breakthrough

Under the new agreement, 209 swine departed for Shenzen this May in yet another first for U.S. exports on the Chinese market.

Like cattle, swine exported to China are required to be quarantined in the United States before undergoing rigid testing and shipping procedures. After being flown to China, the animals are placed in quarantine another 45 days and retested to assure their health. Tests are done for swine dysentery, brucellosis, atrophic rhinitis, parvovirus, tuberculosis and a number of other diseases.

As of August this year, 1,190 pigs hailing from a number of midwestern states, with an estimated value of $1.2 million, had been flown to China in three shipments. More shipments are planned.

Doors Opened for Poultry

The agreement also cleared the way for trade with the U.S. poultry industry. The Chinese are interested in increasing their production of poultry and in adding to their breeding stock. Most of the poultry exports so far have come from northeastern United States.

Rigid testing here too is in effect. Tests apply to the flock of origin of the original day-old chicks, which is tested for at least six different diseases, including avian leukosis.

The chicks must be shipped to China within 48 hours after hatching. When they arrive, they are quarantined 45 days to make sure they are healthy before being moved to several locations around the country.

Through August, 100,000 day-old chicks were delivered to China for an estimated value of $550,000. The year before, 6,600 chicks for breeding stock were shipped along with 3,726 dozen shell eggs for hatching for an estimated value of $1.8 million.

Two-Way Trade Seen for the Future

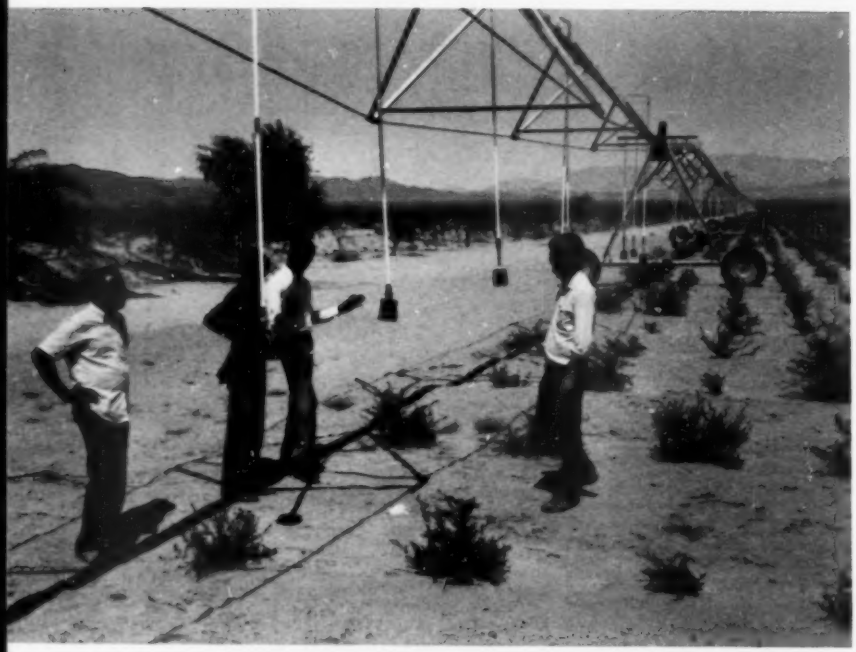
Hawkins said that the United States is investigating the possibility of importing Chinese swine, as well as swine embryos and semen. The Chinese breeds are extremely prolific and subsist on a bulkier diet; however, they do not gain weight as fast as U.S. breeds.

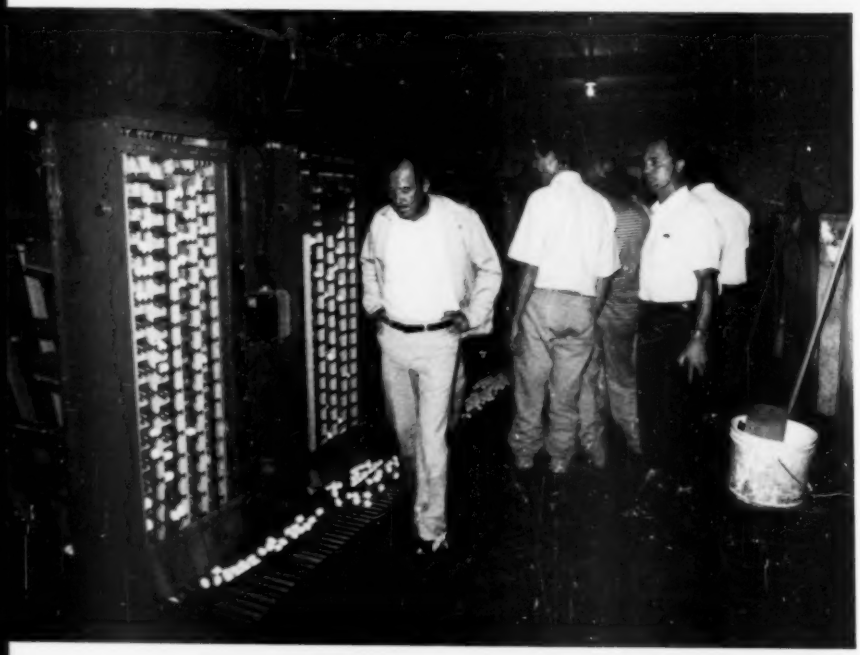
"The bloodlines of these Chinese swine could be very desirable for cross breeding because of the characteristic of producing large litters along with the ability to nurse them," Hawkins said.

"No agreement between the two nations has been reached yet," Hawkins said. "But we plan to continue discussions that may lead to increased two-way trade in breeding stock that will improve the livestock and poultry industries of the United States and China." ■

The author is with the Animal and Plant Health Inspection Service. Tel. (301) 436-7799.

Training Program Helps Stimulate U.S. Agricultural Trade





By Vic Muniec

Want to show foreign millers how we make and handle flour in this country? Bring them here and offer them some U.S. hospitality. That's one of the best ways to make friends overseas; it's not a bad way to boose farm exports either.

USDA's Office of International Cooperation and Development (OICD) and the Foreign Agricultural Service (FAS) are training foreign agriculturalists in a program designed to increase U.S. farm exports and promote international goodwill. Known as the Middle Income Training Program (MIC), it is already proving to be a success.

The goals of the MIC program are to:

- Provide agricultural training;
- Provide assistance in economic development; and
- Further cooperation with foreign administrators, managers, scientists and technicians in ways that promote market development and increased trade for U.S. exporters.

OICD coordinates the training which ranges from advanced degree programs at U.S. universities to short-term courses developed by OICD with the help of the National Association of State Universities and Land-grant Colleges.

These courses cover specialized agricultural areas that enable participants to have an impact on their respective industries when they return home.

MIC provides for the training of agriculturalists from selected middle income countries which no longer receive U.S. assistance through the Agency for International Development (AID).

Program Kicks Off

Turkey, Mexico, Venezuela, Korea, the Ivory Coast and Colombia were selected to inaugurate the MIC program in 1984 with Algeria, Iraq and Yugoslavia added in 1985. This year alone, 140 agriculturalists were selected for specialized training.

Market development cooperators—industry groups that work with FAS on a wide variety of export activities overseas—play a major role in the program. These organizations include the U.S. Feed Grains Council (USFGC) and the American Soybean Association (ASA).

Both have been helpful in identifying middle income countries with good potential as expanding markets for U.S. agricultural products. They have also suggested candidates and helped develop the training programs.

For example, ASA activities led to the training of 25 Turkish grain mill managers during the fall of 1984. The managers took part in a specialized short course at Kansas State University and saw firsthand some of the U.S. grain milling operations in the Midwest.

As a result, the United States anticipates selling more feed grains and soymeal to support Turkey's growing livestock and poultry industries. The mutual understanding that is developing may encourage Turkish officials to reduce restrictions on some imports from the United States.

In Venezuela, the USFGC identified four candidates for training on dairy herd health this past summer in the United States. The program is in keeping with Venezuela's effort to improve its domestic trade market.

Venezuela imports about 50 percent of its requirements in grains, pulses, edible oils, red meats, dairy products and sugar. The United States is expected to remain a leading supplier.

Koreans have received training in agricultural economics, grain storage, soybean processing, animal inspection and quarantine and poultry and swine production.

Mexico, traditionally one of the largest U.S. markets for agricultural products, is interested in the program for a number of reasons. These include training in the repair of agricultural machinery, the use of brackish water for agricultural applications, the use of television as an agricultural teaching tool, and quality control standards.

Ivory Coast Training Targeted

The Ivory Coast will benefit from training that will help it solve cattle production problems. The growing consumer preference for beef and mutton may lead to expanded imports.

Algeria has asked for training in seed technology, rangeland management, irrigation and other areas. Government officials are also requesting in-country programs. The program is one result of an agreement on cooperation in agriculture signed by Secretary Block in 1984.

Iraq is interested in seed storage and marketing, irrigation problems, land reclamation extension and horticulture.

Yugoslavia has requested training for agriculturalists in such diverse fields as swine embryo transfer, veterinary diagnostics, computer farm management, poultry nutrition and fish genetics.

Information about the MIC program is available from Dr. Charles Aanenson or Susan Erikson, Rm. 4118, Auditor's Building, ITD/OICD/USDA, Washington, D.C. 20250. Tel. (202) 447-5695.

The author is with USDA's Office of International Cooperation and Development. Tel. (202) 382-8041.

Country Briefs

Arabian Peninsula

Fruit, Vegetable Markets Growing Rapidly

The Arabian Peninsula has emerged in recent years as a large market for fruits and vegetables. Rapid increases in the Peninsula's standard of living pushed imports of fruits and vegetables up about 20 percent a year between 1976 and 1983, from $449 million to an estimated $1.6 billion. U.S. fruit and vegetable exports increased an average of 19 percent a year to $94 million in 1983 when the Arabian Peninsula ranked as the sixth largest export market for U.S. fruits and vegetables, behind only Canada, Western Europe, Japan, Latin America and Hong Kong.

U.S. exporters face stiff competition in the Arabian marketplace. Other Middle Eastern countries (primarily Turkey and Jordan) provide about a fifth of the fruit and vegetable import market. The European Community accounts for roughly 9 percent of the market and the United States for 7 percent.

Saudi Arabia accounts for much of the region's trade, importing $739 million worth of fruits and vegetables in 1982. The country is a large and growing importer of apples. In 1982 apple imports amounted to $60 million, a 69-percent increase from only three years earlier. Saudi Arabia's imports of pears tripled to $7.8 million between 1979 and 1982, and its purchases of fresh grapes were up nearly threefold.

Kuwait and the United Arab Emirates were the next largest importers, importing $230 and $227 million, respectively, of fruits and vegetables in 1983. All the other countries in the region—Bahrain, Qatar, Muscat-Oman and Yemen—also have registered significant import increases.—*James Lopes, International Economics Division, Economic Research Service. Tel. (202) 786-1717.*

Malaysia

Pepper No Longer Country's Hot Crop

Although the recent surge in world pepper prices has brought increased profits to Malaysia's pepper growers, the Malaysian pepper industry is a mere shadow of what it was a decade ago. Due to years of depressed prices, many farmers have either abandoned their vines or switched to Malaysia's latest "darling" crop—cocoa.

The total area under pepper vines has fallen from a peak of 12,500 hectares in 1980 to about 10,000 hectares in 1985. It is also estimated that about 40 percent of the current area is intercropped with cocoa. Five years ago, virtually all of the pepper was grown as a monocrop. Since 1980, pepper output has declined from 35,200 tons to an estimated 16,000 tons in 1985. In addition to reduced area, yields of existing vines have suffered due to foot-rot disease and under-fertilization. Even the current high prices will not reverse this trend since it takes three to four years for a newly planted pepper vine to bear fruit.

In the national agricultural policy announced in late 1983, the government of Malaysia indicated that it would no longer encourage the expansion of the pepper industry in view of the labor and capital-intensive nature of the crop. There have been requests within the industry to review this policy in light of current high pepper prices. However, it appears that the government still views the current upswing as a temporary phenomenon and would like to see resources continue to be diverted to other crops, such as cocoa.—*Frank Tarrant, Agricultural Attache, Kuala Lumpur.*

Tunisia

Small Value-Added Market Offers Sales Opportunities

Tunisian imports of value-added agricultural products are limited in volume, but the market does offer some potential for U.S. exporters. In 1984, Tunisia imported a total of 7,680 metric tons of grocery-type food products valued at about $10.2 million. Most of these imports consisted of soft-drink concentrates (to local bottlers), yeast (to bakers) and canned tomatoes and concentrates.

The Tunisian government controls all imports in order to minimize uses of foreign exchange. The Ministry of National Economy establishes an annual list of the types of value-added agricultural commodities which may be imported by grocery store and hotel chains and certain other entities or brokers.

Each of the grocery chains is given a foreign exchange quota which can be used to purchase value-added goods. In some cases, these foreign exchange quotas may be increased to the extent that the buyers have export earnings. This has led some supermarket chains to promote exports in order to increase the value of their import authorizations. For this reason, foreign suppliers able to handle countertrade transactions could have an advantge in attempting to market tc Tunisia.

Although there presently are no stringent labeling requirements—other than to indicate the storage required (such as refrigeration) and the suitability of a commodity for human consumption—a more comprehensive labeling law has been proposed. U.S. exporters would be wise to consider French or Arabic labels for consumer goods.—*Thomas Pomeroy, Agricultural Trade Officer, Tunis.*

United Kingdom

Potential for Growth in Sophisticated Wine Market

Virtually all the wine consumed in the United Kingdom is imported. In 1984 imports were up more than 13 percent to 5.2 million hectoliters, or a little more than nine liters per person. However, U.S. wines currently account for less than 1 percent of imports, so there is considerable room for expansion. The strong dollar and lack of consumer awareness are two of the major constraints to increased U.S. wine sales.

The U.K. market is extremely competitive. The country's wine trade has been one of the world's most knowledgeable for centuries and more than 30 countries ship wine to the United Kingdom.

The most dramatic development in U.K. wine sales recently has been the establishment of the wine bar. Actually, these establishments differ little from the public house except that the principal beverage sold is wine and the premises tend to be fancier and have more atmosphere. Many of these establishments have begun to offer wines, sometimes under their own labels, by the case for consumption off premises.

The off-premises wine trade is undergoing other changes as well. The traditional wholesale business is now in steep decline. Meanwhile, supermarkets, grocery stores and the cash-and-carry organizations have increased their share of off-premises wine sales from 9 percent tin 1978 to 54 percent last year.—*W. Lynn Abott, Agricultural Trade Officer, London.*

Venezuela

Import Advantage Given to Buyers of Processed Products

A downturn is expected in U.S. agricultural exports to Venezuela during 1985 and most likely in 1986 as well. U.S. sales for 1985 currently are forecast at slightly below 1983 levels of $665 million. Expanded agricultural production brought about by the government's drive toward self-sufficiency is responsible for a decline in total agricultural im ports, including those from the United States. The U.S. share of the market also has been eroded by lower prices, improved quality from competitor countries and trade advantages given to Latin American suppliers which will in turn buy Venezuelan products.

Venezuela has had bilateral trade agreements with a number of Latin American countries for several years, but there appears to be greater government interest now in expanding trade with these countries in order to increase Venezuela's nontraditional exports. This interest appeared to intensify after restrictions were placed on the level of Venezuelan steel exports to the United States.

In a number of these bilateral agreements, Venezuela has granted substantial tariff reductions on agricultural raw material imports from suppliers that grant access to Venezuelan processed products. There also have been efforts to set up agreements providing for specific quantities of commodities at predetermined prices. These prices then are used as reference prices for approval of foreign exchange allocations for imports.—*Harry C. Bryan, Agricultural Counselor, Caracas.*

Agricultural Yearbook Focuses on Worldwide Trade and Domestic Farm Policies

By Larry Marton

International trade barriers, domestic farm policies, macroeconomics, interdependence, food aid, trade relationships, commodity production, technology—all these and more are grist for the 1985 Yearbook of Agriculture, "U.S. Agriculture in a Global Economy."

This U.S. Department of Agriculture annual publication, the 84th edition in a line that first began in 1894, analyzes how U.S. agriculture interacts with the nation's economy, how it functions in the international trade arena and how it is affected by apparently unrelated domestic policies.

U.S. agriculture is not the only focal point of the 1985 Yearbook, which is due off press in mid-December. The 410-page volume also examines agricultural activities and policies of other countries, evaluates production and trade practices of many areas, including the United States, and offers varying views of where global agriculture may be heading during the next two decades.

Concerning the future of agriculture, there are different perspectives among the Yearbook's authors.

There is Don Paarlberg, distinguished international economist and professor emeritus at Purdue University, who maintains, "On balance, agricultural development abroad means increased production and export opportunities for U.S. agriculture." The statement is from Dr. Paarlberg's chapter, "Factors Affecting U.S. Production in A.D. 2000."

Dale Hathaway, vice president of The Consultants International Group, in his chapter, "Domestic Policies and International Trade Rules," contends that "as long as governments maintain domestic programs designed to prevent their agricultural industries from having to adjust to world market forces, substantial distortions in world resource use and international trade in agricultural products will occur.

"There is no way that the trade aspects of agriculture can be dealt with in the absence of substantial revision of many national agricultural policies. It appears unlikely that most governments will be willing to undertake the changes necessary."

Charts, Tables and Photographs Add Meaning to the Text

In all, the 1985 Yearbook of Agriculture features 33 chapters presented by 49 authors. There are numerous charts, tables, and wide-ranging photographs that aptly illustrate the text's message.

> "This Yearbook. . .has value for every individual concerned about his or her standard of living because a solid agricultural foundation is essential to a nation's success."
>
> John R. Block, Secretary of Agriculture

The book is divided into five sections with each one examining a separate theme. Part I deals with "Agriculture in a Changing World." This section includes articles on: The Challenge of Change, What Global Interdependence Means to Agriculture, Why Agricultural Trade Is Vital, and Feeding the Underdeveloped World.

Part II concerns "Agriculture Around the World." Its chapters focus on global agriculture, highlighting developments in the United States, Canada, Western and Eastern Europe, the Soviet Union, Asia and the Pacific, Latin America, Africa and the Middle East.

Part III examines "World Trade in Agricultural Products." Separate chapters are devoted to the world's exporters and importers as well as the major commodities, such as food grains, feed grains, fruits and vegetables, cotton, oilseeds, livestock, dairy and poultry, tobacco and forestry. There is also a look at the role of value-added products and transportation matters.

The eight chapters of Part IV analyzes "The Policy Environment." Topics include agriculture and the world economy, instruments of trade policy, domestic farm programs and world trade, global marketing practices, trade negotiations, international food security, and the transfer of technology.

"Looking Ahead" is the theme of Part V and its single chapter tackles the outlook for agriculture over the next 20 years.

Authors Represent the Spectrum Of U.S. Agriculture

In addition to Paarlberg and Hathaway, other authors include Dennis Avery, the Department of State's senior agricultural advisor; G. Edward Schuh of the World Bank; Charles E. Hanrahan of the Library of Congress; Orvile G. Bentley, assistant secretary for science and education, USDA; Wayne Rasmussen, USDA historian; Clayton Yeutter, United States Trade Representative; and Robert L. Thompson, assistant secretary for economics, USDA.

Contributors also include leading economists from USDA's Foreign Agricultural Service, Economic Research Service, Office of International Cooperation and Development, Forest Service and the Office of Transportation.

In the foreword to the Yearbook, Secretary of Agriculture John R. Block writes, "This Yearbook addresses many of the problems that confront the agricultural community today and that will confront it tomorrow. Yet, its interest quotient reaches beyond the farmer, the economist, the student, the agribusinessman, and the policy maker.

"It has value for every individual concerned about his or her standard of living because a solid agricultural foundation is essential to a nation's success." ■

The author is a public affairs specialist, Office of Governmental and Public Affairs, USDA. Tel. (202) 447-5163.

Food and Agricultural Export Directory

It Covers the Waterfront

In the fast-lane world of exporting, information is money. And one of the handiest information packages you can have is the *Food and Agricultural Export Directory 1985,* published by the Foreign Agricultural Service.

This 72-page publication lists the names, addresses and phone numbers of key organizations and people involved in agricultural exporting—including USDA's agricultural attaches and trade officers overseas, market development cooperators, and government agencies dealing with animal and plant inspection, food safety, transportation and research. It also includes international brokers and sellers, state trade groups and U.S. embassies located around the world.

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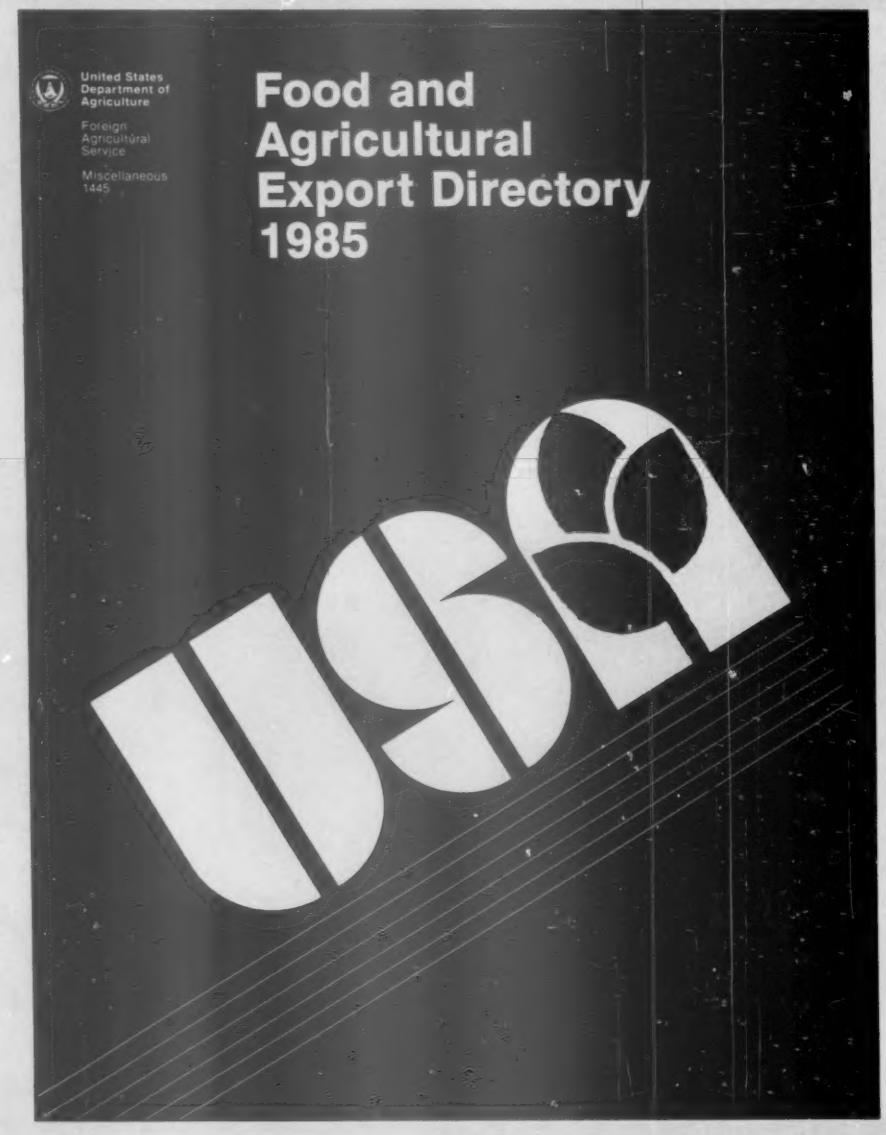

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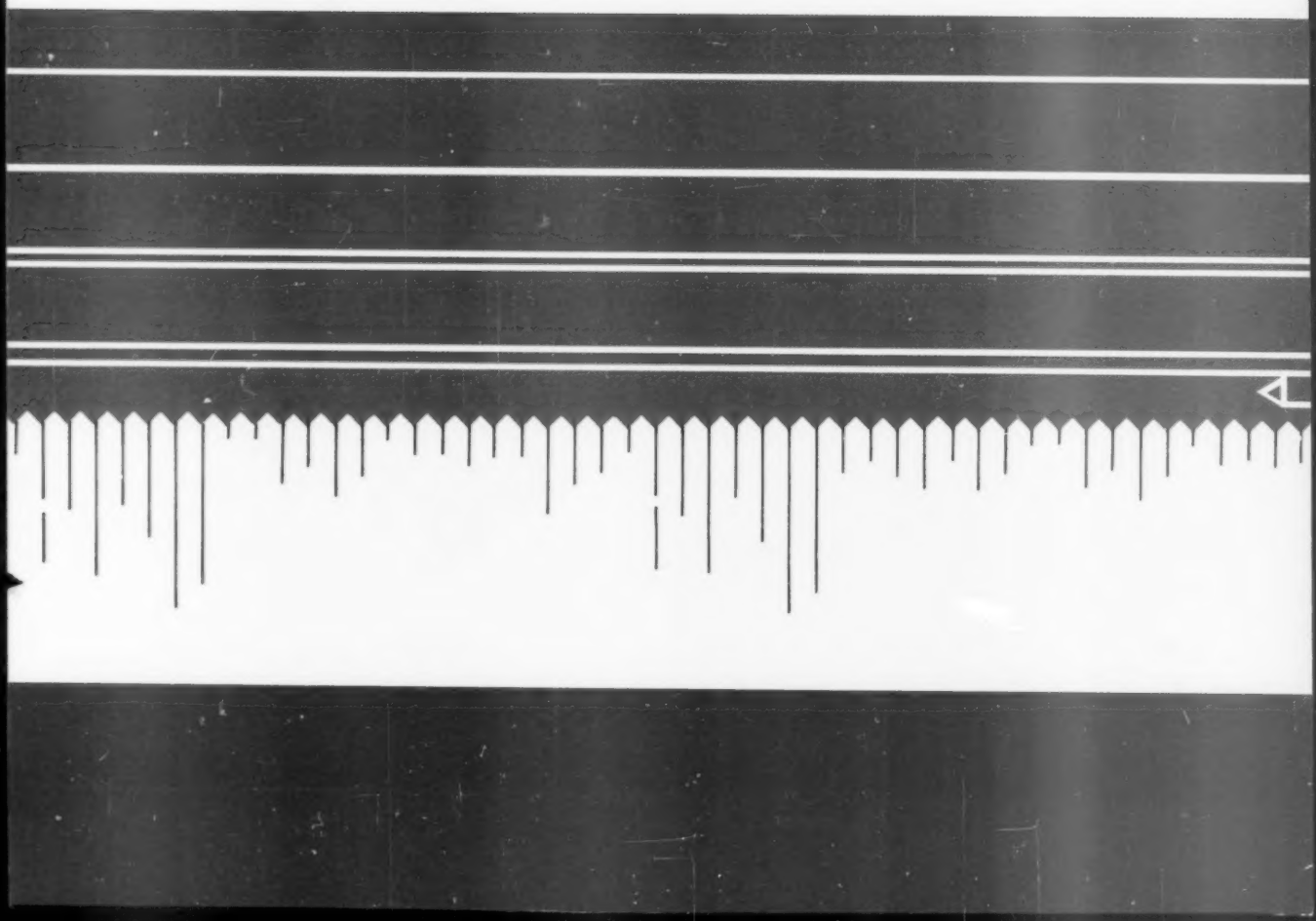
1 ** FA SERIA300SBISSDUE001R 1
** SERIALS PROCESSING
** XEROX UNIV MICROFILMS
** 300 N ZEEB RD
** ANN ARBOR MI 48106